

CENTRAL INTELLIGENCE AGENCY⁹⁹

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a Cease Fire in Korea

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1. The Communists need a breathing space after their heavy losses in Korea of men and equipment. Therefore a cease fire will benefit the Communists and not the United Nations.¹
2. A cease fire may give the Communists a chance to intensify oppressive measures in China.
3. The Communists need a rest and are not likely to move against Hong Kong soon. They hope to resume trade with the Colony during the period of the cease fire, and several Hong Kong merchants expressed the opinion that the cease fire will probably result in the lifting of the trade embargo by the Hong Kong Government.
4. The Nationalists are upset by the prospect of a cease fire, as the continuation of the war would have weakened the Communists and increased the chances of a successful reconquest of the mainland. This is rumored to be about the end of the year.

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5. The cessation of hostilities will allow the Chinese Communists to move troops to the South China coastal areas, with an increased threat of the invasion of Taiwan. These troops in South China will greatly hinder guerrilla activity in this area.
6. The Nationalists feel that the invasion of Taiwan at the present time will be relatively easy for the Communists, as the American military advisory group has not had sufficient time to rearm and retrain Nationalist troops.

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1. Comment. It is assumed that a truce in Korea will not affect the activities of third party movements.

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- Comment. For other opinions on the cease-fire proposal,

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